

## **Town of Bedford Finance Committee**

Town Hall, Selectmen's Meeting Room

May 8, 2014

Members in attendance: Rich Bowen, Steve Carluccio, Bob Kenney, Elizabeth McClung, Barbara Perry, Steve Steele (Chair), Ben Thomas.

Others in attendance: Ron Cordes, *Board of Assessors*; Victor Garofalo, *Director of Finance and Collector/Treasure*; Elizabeth Hacala, *The Bedford Citizen*; Mike McAlister, *School Committee*; Paul Mortenson, *4 Wellington Way*; Katherine Moskos, *Taylor Pond Lane*; Zoe Pierce, *Board of Assessors*; Stephen Poules, *Associate Assessor*; David Powell, *3 McMahan Road*.

**Board of Assessors interdepartmental transfer of funds:** Associate Assessor Stephen Poules and Board of Assessors member Ron Cordes requested that FinCom transfer \$6,600 from the Assessor's FY14 "Salary" line item to the "Expenses" line item to cover overages. The two reasons for the transfer request are: 1) funds (about \$5,900) are needed from "Expenses" to pay for a temp that was hired to cover an administrative vacancy; 2) there was a misunderstanding of how long the introductory rate for data storage lasted and a bill (\$2,000), not reckoned into the budget, is now due.

Mr. Poules explained that "Expense" funds were used only because a part-time temp was needed for four months. If there had not been staff turnover, funds from "Salary" would have been used.

The unexpected data storage charge is because the introductory rate term was thought to be three years; however, Patriot— the service company— insists that two years was the length of the agreement.

If these two irregularities had not arisen, the Assessors would have ended the year with a surplus in "Expenses". However, because of the irregularities, \$6,600 is now requested for transfer. It was noted that the amount is lower than the actual difference (\$7,900); \$6,600 is sufficient because there would have been surplus in "Expenses" and because \$1,000 from "Consulting" can be used.

Asked if adjustments to "Sundries", "Expenses", and "Salaries" would more accurately reflect where funds were needed, Mr. Cordes replied the Board wants to give Mr. Poules a year "to live with the budget" before such adjustments are made. The FY16 budget will reflect any forthcoming changes to those allocations.

Mr. Bowen made a motion to approve a transfer between departmental appropriations in the amount of \$6,607, to be transferred from the "Salaries" account number to regular "Expenses." Specifically, \$2,000 will go to account number 001.1410.5240 and \$4,607 will go to account number 001.1410.5303. Ms. Perry seconded the motion. The motion passed 6-0-0.

Mr. Garofalo then referred to a document provided by the Assessors regarding the Appellate Tax Board (ATB) risk. Mr. Poules presented a list of properties about which his office is actively negotiating.

The current total abatement risk equals \$217,876.80. Relative to these properties, there is a potential

need for \$3,000 to pay for legal and evaluation assistance.

Mr. Garofalo said the list covers several years and that “plenty of money” was put aside in each of the years to cover risk exposure.

Mr. Cordes pointed out that it was late enough now in the fiscal year that these matters would “most likely slip into subsequent years.”

**Review of School transportation costs:** Two weeks prior to the meeting, Mr. Garofalo requested information from the Schools to show the detail of what has been expended each month for homeless student transportation. The day before the meeting, Mr. Coelho, Director of Finance for the Schools, responded by giving an estimated total of \$308,000 rather than a detailed account, adding that he was hoping to keep it under \$300,000.

Ms. McClung said she was concerned about how much the State would ultimately reimburse the Town for homeless student transportation. Mr. Steele agreed, acknowledging the same concern is shared by other FinCom members.

Ms. Perry asked how solid Mr. Coelho’s estimate is apt to be. Where did the number come from and what is it based on?

Mr. Garofalo replied that he was not sure and that he expected more info from the Schools, such as a year to date summary; how much expense is expected by the end of the fiscal year; what the average is; whether the expense is apt to go down based on declining student population or if it be steady; and what kind of exposure is anticipated next year.

Mr. Bowen said he’s delved into the legislative aspects of the issue to understand the percentage of reimbursement the Town should expect. Based on what he’s learned, he strongly advocates lobbying the State so that Bedford’s case is made clear. “The State funded this reimbursement at \$ 11.3M for FY13. It was cut back to \$7.4M for FY14 and then level-funded at the same amount for FY15. The House has completed its budget, however the Senate will be discussing the budget during May and then it goes to conference committee. There is opportunity for some additional money from two sources: during the budget discussions and during the conference committee. Also, I’m told that this account is a candidate for surplus appropriation at the end of the year.”

Mr. Bowen added that four communities have disproportionately borne homeless transportation costs: Attleboro, Danvers, Waltham and Bedford. Both Waltham and Bedford are in Senator Mike Barrett’s district and Mr. Barrett is very interested to secure the best outcome for his constituent towns. Mr. Bowen asked School Committee member Mike McAllister to urge Superintendent Sills to contact Senator Barrett about the matter. “If we do nothing, it will cost us \$150,000 because this account is funded at half of what’s needed. Real money is at stake.”

Mr. Kenney asked, if the State only reimburses half of the amount expended, which Town department budget will cover the remaining cost?

Mr. Bowen replied that it would come from FY15 revenue. The bill would be paid from during FY14 and the reimbursement—full or partial—will be received in FY15. The money comes from a Federal grant that comes to the State and must be used for housing or homeless student transportation.

Again, Mr. Bowen urged Mr. McAllister to have Superintendent Sills contact Senator Barrett, pointing out that in order to make the best case, real data and expense numbers— that were not forthcoming following the recent request from the Schools— would be needed. He said he would personally contact Mr. Sills as well.

Mr. Bowen has also identified people at the Massachusetts Municipal Association who have argued for full reimbursement from State because of the impact to cities and towns.

Mr. Steele said that, in general, FinCom needs more accurate and timely info from the Schools. He and Ms. McClung will meet with the School administration to stress this point. Mr. Thomas added that FinCom’s deliberations are data-driven. Accurate and timely information is vital to determining the best funding formula and to make the best decisions. Mr. Bowen agreed, reiterating a previous request that, going forward, the Schools provide key statistics (ex: enrollment numbers and other budget drivers) earlier in the process so that FinCom can arrive at a workable School budget increase.

Mr. Carluccio arrived at this point in the meeting.

Ms. McClung noted that CapEx has also asked the Schools for input as early as September. Finalized enrollment numbers are required by the State in October. Several FinCom members agreed that it would be better to receive such numbers in October than the current November/ December timeframe. The only way to smooth out the yearly budget entanglements between the Schools and FinCom is to examine the process and to use real and timely information.

Mr. Carluccio commented that he didn’t know if the way FinCom has been doing it is wrong or right. However, FinCom should not jump to the conclusion that different is better. “There are different ways to use statistics. If you look at ‘absolute money’ –there are many times that a smaller budget may command throwing the formula out, if they need something. The [guideline process] is always worth a look but we shouldn’t make any assumptions that there’s a better way or the way we’re doing it is wrong.”

Ms. McClung agreed, in part, but added that some of the frustration experienced this last budget cycle was caused by lack of timely information on which to base decisions.

Mr. Carluccio said that FinCom’s role is advisory to the Town and its taxpayers. “We’re not the professionals, setting the budget. If [departments] don’t agree, they can go to Town Meeting with whatever [budget] they want. I do think the Schools can get information to us better—and we do have decisions to make—but our job is to give advice to the Town and the taxpayers. It’s not our decision to decide what the budget should be. We have to put this in context about what our role is versus what their role is. But I do agree if they want us to support them that the information has to improve and

there's no reason it shouldn't. There are a lot of people doing a lot of work. Whether it's a question of better communication or being more organized—it shouldn't be that difficult."

Mr. Kenney said the only unique number FinCom should worry about is the percentage increase over last year's budget is. "The budget is so big and so complex, there's only one number and that is what the increase is going to be. We can't go into drivers below that level, as far as I'm concerned."

Ms. McClung respectfully disagreed with this viewpoint, saying that FinCom needs to know more details in order to make the best informed decisions for the needs of the Town at large.

**Remote participation in Town committee and board meetings:** Mr. Steele referred the Committee to a memo sent by Town Manager Reed in response to a State ruling that allows remote participation in Town board and committee meetings. The Selectmen are considering whether to adopt such provisions and are soliciting input from FinCom and other appointed and elected committees.

If the Town decides to allow remote participation, the State has determined the following reasons to be legitimate: Personal illness, personal disability, family or other emergencies, military service, significant geographic distance.

It was noted that Lincoln adopted remote participation in 2013.

Ms. Perry believes more information is needed to decide whether the provision is appropriate. For example, would the Town also allow remote participation in Town Meeting? Does a quorum have to be physically present at the meeting, not counting those attending remotely? Would committees function as well if members participated remotely? Who pays for equipment to enable remote participation? Who would support the technology and be responsible for setting up remote participants? If a number of people were connected by phone/ internet, how would that be managed? Would each meeting room have to be set up to handle remote participants?

Mr. Carluccio asked whether the participation was merely like a conference call or if video was required. He asked if Bedford has a problem with participation because it seems that committees don't have a lot of vacancies right now. "Is there a problem we're looking to solve? Just because we can do this doesn't mean we have to. Why don't we let other people figure it all out and when it's ready for prime time, we can come back to it when we have a need. I think you lose something if people aren't physically at the meetings."

Mr. Bowen added that remote participation is useful when board members or customers are located around the globe but, in this case, all Town board members are Bedford residents.

Ms. McClung said she is not aware of a desperate need for remote participation. She added, "So much of our communication occurs non-verbally. I think it's dangerous to open the door."

Mr. Thomas agreed, saying that the complicated issues FinCom deals with play out over multiple meetings and members need to pay attention to the matters at hand and to one another. "If it's

important, you show up. It's nice of the State to provide the option but it doesn't mean we need to take it."

Ms. Perry concurred that "face time" is extremely important and added that it is not an economic burden for people to travel to meetings, as it is for boards with world-wide membership. Ms. McClung commented that remote participation is not how she would prefer FinCom members to serve.

Mr. Garofalo will communicate FinCom's sentiments to the Town Manager.

**Old business:** Ms. McClung reminded the Committee of her desire to revisit budgeting issues that arose over the course of the year, particularly exceptions that were made to the guideline. The goal of this exercise is to make sure nothing in the baseline figure is overlooked as it was for the Planning department in the last budget round.

Mr. Steele agreed, referring to the night's discussion with the Assessors and how the fund transfer would or would not affect the FY16 baseline. Mr. Steele said the discussion would take place at the June 5<sup>th</sup> meeting.

Ms. Perry said she had met with Mr. Garofalo on the subject of Community Preservation. The most important outcome of that meeting is that Mr. Garofalo will provide several reports to FinCom in Sept and Feb that will detail account balances, where projects stand, State contributions and tax revenues. Ms. Perry will prepare descriptions of the different funds and what they can or can't be used for.

**New business:** Mr. Bowen plans to set up a meeting in June to discuss roads with DPW Director Sorenson. Since there will be no increase in Chapter 90 funds for FY15, it is important for FinCom to know the status of the roads, in general, and the different projects in the pipeline. Mr. Bowen said, "Talk about lack of data...I certainly want to see the roads continue to be funded but we also need to know the justification."

Mr. Thomas asked if this meant a follow-up roads presentation to the one made recently to the Selectmen. Mr. Bowen replied that he wants to understand which roads are being addressed this year, how much carry-over of Chapter 90 money is available, and if the Town will continue to spend the \$1.6M the engineers say is necessary for road maintenance.

Mr. Bowen asked that the subject of roads be put on the agenda, perhaps in September, when he hopes have the relevant info for a presentation.

Mr. Garofalo said that Town Manager Reed met with the department heads to begin to create a 6-year capital plan, to understand what projects are upcoming and to identify funding sources. Mr. Bowen asked Mr. Garofalo to request greater justification for capital projects, saying detail is sometimes minimal.

Mr. Garofalo said that both the new Facilities Director and the new DPW Director are committed to providing the information FinCom requests. He expects new ideas and outlooks will positively affect the capital project process.

Ms. McClung asked if the DPW website could include detail about road projects, as other towns' websites often do. Mr. Garofalo will mention it to Mr. Sorenson.

**Meetings attended:** Mr. Thomas said the Selectmen recently discussed a taxi/ transportation voucher system for the elderly or disabled. Private-based funding is possible.

Mr. Thomas said the purchasing contracts for the two new dump trucks will be on the next Selectmen's agenda. The paramedic proposal will also be discussed. Mr. Garofalo said that FinCom would receive the same presentation from Fire Chief Grunes on June 5.

Mr. Bowen attended the regional Finance Committee meeting at which he gleaned the previously mentioned information on homeless student transportation reimbursement and Chapter 90 funding. State School aid funding increases were also discussed. OPEB/House Bill 59 will not be voted upon until a new governor takes office.

Mr. Garofalo said it has been another good year for local receipts. They are now 106% of what they were at the end of the last fiscal year and Mr. Garofalo estimates the final total will be up 115% to 120% over current recap budget by June 30. He is also optimistic that Water/Sewer will come in on target for the year. It is now at 86% and there are two full months remaining.

**FinCom housekeeping:** Mr. Carluccio verified that there is one opening on FinCom for the coming year due to Michael Seibert's term ending. He expressed the hope that the vacancy would be filled sooner rather than later so the new member would have time to become acclimated before the budget cycle begins. Mr. Seibert's term ends June 30.

Mr. Steele said the paper announced there were two openings on FinCom but so far only one current member has formally announced the intention to step down.

**Minutes:** Ms. Perry moved to approve the minutes of April 10 as amended. Mr. Bowen seconded. The motion passed 7-0-0.

Ms. Perry will send corrections to the minutes of the meeting held before Town Meeting to Mr. Thomas and Mr. Garofalo.

Mr. Garofalo said that Facilities will present at FinCom's June 5th meeting regarding a Reserve Fund transfer request anticipated for July.

The meeting was adjourned on a motion by Mr. Thomas and a second by Mr. Carluccio. The vote was 7-0-0.

Respectfully submitted,  
Kim Siebert, FinCom Recording Secretary